

## **Antitrust Criminal Chief Warns of Expanding Investigation into Auto Parts Industry**

Article By:

Antitrust and Competition Practice Group

---

On February 15, 2013, Scott Hammond, Deputy Assistant Attorney General for Criminal Enforcement at the Department of Justice's Antitrust Division, spoke to an overflow crowd at the Detroit Athletic Club. Mr. Hammond described the investigative techniques of the Division and offered some insights on the Division's long-running auto parts investigations and cases.

The matters, when taken together, have become the largest criminal investigation ever undertaken by the Division. Guilty pleas by nine auto suppliers and 12 individuals have netted jail sentences for 10 Japanese nationals and just over \$800M in fines for the Division. Its Japanese, European and other counterparts have participated in the investigations and obtained still more fines from additional companies. The products involved in just the guilty pleas include wiring harnesses, instrument panel clusters, seatbelts and air bags. The companies who have pled guilty include DENSO, TRW, Yazaki and Furukawa.

The audience had many questions relating to the products engineered or built by companies with headquarters or other offices in the Detroit area. Unfortunately, Mr. Hammond was not able to provide too many further details because the investigations are ongoing. He did say that "the investigation is broader than what we've announced so far," and that the Division has discovered "additional wrongdoing affecting additional products." He would not name any new products or companies or predict when the investigations might close. He declined to confirm or deny the existence of any leniency applicants but did say that the motor vehicle manufacturers were cooperating in the probes.

Mr. Hammond also described the Division's investigative techniques that have broken numerous cartels in recent years. He gave the most credit to the increased antitrust penalties, especially lengthier prison sentences. Average prison sentences for such offenses have increased from eight months during the 1990's to twenty-five months the last three years. Fines have also increased with the Division collecting over \$1B in two of the last four years. While the use of wiretaps, search warrants and similar methods have helped the Division gather information, the Division's leniency program has provided a powerful incentive for wrongdoers to turn themselves in. Under that program, the first member of the cartel to cooperate with the Division and meet other criteria will avoid criminal charges for both the company and executives and reduced exposure to civil damages. The second cartelist to confess, even if second by a few minutes, gets no assurances of reduced liability. The

resulting "race to be first" has helped to de-stabilize many cartels. If that second company has information about antitrust wrongdoing in another area and is willing to cooperate with the Division in all areas, the penalties are likely to be reduced. The Division has used this part of the leniency program to construct what Mr. Hammond called "cartel trees" where one investigation leads to another.

Mr. Hammond's presentation reminded the audience of the serious penalties for antitrust violations like price-fixing and bid-rigging. As several auto executives know first-hand, jail terms are expanding. The use of sophisticated investigative techniques by cooperating antitrust enforcers around the globe means there is no place to hide. Companies must remain vigilant to these types of activities in their organizations and, if discovered, move quickly to minimize the damage. There are at least nine auto parts suppliers that have learned that lesson the hard way.

The presentation was arranged by the State Bar of Michigan's Antitrust, Franchising & Trade Regulation Section. [Rick Juckniess](#) of Schiff Hardin is currently a member of the council and is a past chair of that Section. The presentation was co-sponsored by the American Bar Association's Antitrust Section's Corporate Counseling Committee. Steve Cernak of Schiff Hardin is a co-chair of that Committee. Schiff Hardin represents companies involved in the auto parts investigations.

© 2025 ArentFox Schiff LLP

---

National Law Review, Volume III, Number 51

Source URL: <https://natlawreview.com/article/antitrust-criminal-chief-warns-expanding-investigation-auto-parts-industry>